

Governor's Council on Small Business
www.azgovernor.az/sb
Friday, November 9, 2007
10:00 a.m.
Executive Tower, 2nd Floor Conference Room
1700 W. Washington Street, Phoenix, AZ 85007

Minutes

Call To Order / Welcome

Chair David Steele called the meeting to order at 10:12 a.m., initiating roll call and introductions for the participating members.

Roll Call

Members Present:

David Steele, Judith Wood, Joann Hardy Carranza, Pam Del Duca, Stephen Macias, Choo Tay, Isidora Wright, Melissa Amado, Michael Ong Hing, Rosiland Moore

Members Present via Teleconference Bridge:

Lea Marquez-Peterson, Frank Rivera

Members Absent:

Barbara Bruce, Michael Coles, Kenneth M. Frakes, Raul Montañó, Jan Leshner, Julian Claudio Nabozny

Staff:

Natascha Hebell-Fernando, Executive Director
Cheryl Lopez, Arizona Department of Commerce
Jeff McCormick, Arizona Department of Commerce

Guest Speakers to the Council:

Mr. John Red Horse, State Procurement Office, Arizona Department of Administration
Mr. Jim Haynes, President & CEO, Behavior Research Center
Mr. Bruce Hernandez, Senior Vice President, Behavior Research Center
Mr. Tony Basché, Senior Project Manager, Behavior Research Center
Mr. Jim Hardy, President, Sellers Feinberg
Mr. Mark Heit, Consultant, Seller Feinberg

Approval of Minutes

Chair David Steele determined that a quorum was present, and presented the minutes from the September 14th, 2007 meeting for approval. Council Pam Del Duca seconded the motion, and it passed unanimously at 10:14 a.m.

Presentations to the Council

Presentation by Mr. John Red Horse, State Procurement Office (10:15 a.m.)

Mr. Red Horse talked about the state's procurement methods. State contracts are the primary source and for any contracts over \$50,000 a formal solicitation process, such as Invitation for Bid (price competitiveness) and Request for Proposal (evaluation criteria may include experience and expertise).

For contracts between \$5,000 and \$50,000, an informal solicitation is required, i.e. three quotes have to be obtained from small businesses. Per Executive Order 2007-21, one of these quotes has to be from a small, women- or minority-owned business.

Businesses have to register at the state's SPIRIT system to be alerted of state contracts. There are 8-digit procurement codes that a company has to specify as its product and services. It is free to sign up and a business does not have to be certified as a small, women- or minority-owned business; however depending on

the customer a certification may be required. For example ADOT, a state agency which receives federal monies, may require a certification as a women- or minority-owned business.

A discussion ensued about the certification process. It was clarified that the state relies on self-certification, but that certain agencies who receive federal monies require certification. ADOT (Arizona Department of Transportation), City of Phoenix and City of Tucson provide certifications.

Additional discussions continued about women-and minority-owned businesses and required statements to be signed by the owners.

It was mentioned that the Arizona Steps-Up directory (<https://az.gov/webapp/azstepsup/home.do>) features Arizona certified women- and minority-owned businesses and is available to procurement officers and searchable by products and services.

Chair David Steele suggested that the Council may re-examine certification issues in the setting of a separate task force and begin the dialogue about some recommendations addressing the issues concerning the certification guidelines.

Presentation by Mr. Jim Haynes, President & CEO, Behavior Research Center, Mr. Bruce Hernandez, Senior Vice President, Behavior Research Center, Mr. Tony Basché, Senior Project Manager, Behavior Research Center, Mr. Jim Hardy, President, Sellers Feinberg and Mr. Mark Heit, Consultant, Seller Feinberg (11:04 a.m.)

Behavior Research Center (BRC) is an Arizona based full service company that designs, constructs and reports research with extensive health care experience. BRC is known for its innovative, problem-solving research designs and for accurately monitoring and predicting consumer behavior. Sellers Feinberg (SF) is a national healthcare consulting firm working for states, stakeholders, providers and associations. Their focus has been on Medicaid and healthcare reform and they have served and are serving as the lead consultant on reform to Governors in MA, IN, MI, MS, NH, OH, PA, SD, TX, WA and WI. SF assisted 11 states receive hundreds of millions of dollars in federal matching funds.

States across the nation, struggling with declining employer-sponsored insurance, rising Medicaid rolls and rising healthcare costs, are striving to improve access to affordable, quality healthcare coverage for small businesses and individuals. Although every state is different in their starting point, their level of uninsured, their state fiscal outlook, their economies and the robustness of their insurance markets, Arizona can benefit from reviewing the results other states have experienced when addressing these issues. Some initiatives that states have undertaken include implementing reinsurance programs, creating or improving their high risk pools and enacting insurance market reforms, all of which can be important pieces of larger reform efforts. Currently, 34 states operate high-risk insurance pools that help insure people who have been denied private health coverage in the individual market. Many states are considering reinsurance as part of their larger reform efforts to mitigate risk in the individual and small group markets, and thus reduce the cost coverage. Many states are looking at healthcare exchanges, also known as connectors. They are generally a single, consumer-driven market that pools individuals and businesses and permit them to purchase any health plan offered on the connector. As part of their reform efforts, several states are also attempting to greatly expand healthcare coverage to the uninsured through subsidizing premiums for private insurance for families with incomes of 200% or 300% below poverty which are not already qualified for Medicaid or SCHIP.

BRC and SF will identify incentives and innovative solutions to improve healthcare coverage for small business including:

- Eliminating or reducing statutory or regulatory barriers to the Healthcare Group (HCG) of Arizona or developing a similar pooling mechanism for small businesses
- Identifying key strategic partnerships and market strategies to increase the availability of such options to Arizona small businesses
- Developing innovative benefit designs to meet the needs of small businesses and to help control the costs of providing health care coverage.

SF and BRC will employ policy analysis identifying opportunities for incremental improvements to the health insurance market that will provide a strong foundation for future reforms. The scope of this engagement will be limited to short-term implementation initiatives; however the recommendations will include a long-term vision to decrease the number of uninsured small businesses and individuals and strengthen the Arizona insurance market. BRC and SF will submit a report to the Arizona Department of Commerce and council members on December 14th, 2007.

Based on Mayor Hing's comment, a discussion ensued that there is a discrepancy on how insurance premiums are calculated between small and large business. Joann Carranza mentioned that higher costs of insurance and treatments could be avoided if there were more prevention or getting health care services before an ailment becomes more severe. Chair David Steele reminded the council members that this study is a first step and that its recommendations will serve as a primer for discussions later on.

Reports

Marketing, Communications and Outreach (11:58 a.m.)

Vice Chair Judy Wood gave an update on the upcoming Town Hall in Payson. Council Member Joann Hardy Carranza cited the development of both the Small Business Services page of the ADOC website and Arizona Service Provider Network.

Workforce Development (12:00 p.m.)

Council Member Rosiland Moore acknowledged the work of Executive Chair Natascha Hebell-Fernando, and proceeded to update the Council on the research done on workforce best practices, in particular which jobs are more likely to benefit from telecommuting and flex work arrangements.

Chair David Steele recognized the progress made by the sub-committees, and concluded the sub-committee reports at 12:04 p.m.

Additional Comments

Chair David Steele mentioned that he will be meeting with the Governor's Staff, Commerce leadership, Judy Wood, Pam Del Duca and Mayor Hing in the near future to chart the role of the council for the next year.

Judy Wood mentioned that she was featured on the front page of the Arizona Daily Star. Her company, Contact One Call Center, Inc. will begin handling after-hours calls for a California software company that previously contracted with a center in India and therefore made the headlines.

Choo Tay invited council members to attend NAWBO's healthcare forum scheduled for January 9th, 2008.

Call to the Public

The call to the Public went out at 12:08 p.m., and there were no comments from public.

New Business and Announcements

Chair David Steele reviewed the items addressed during the meeting, and extended his gratitude to Executive Chair Natascha Hebell-Fernando and ADOC. The next meeting will take place on January 18th, 2008, and is scheduled for the 2nd floor conference room of the Executive Tower.

Adjournment

Chair David Steele adjourned the meeting at 12:09 p.m.